MATERIAL CHANGE REPORT

FORM 51-102F3

1 – NAME AND ADDRESS OF COMPANY:

CANADIAN ROYALTIES INC. (“**Canadian Royalties**”)
152 chemin de la Mine École
Val d’Or, Quebec, J9P 7B6

2 – DATE OF MATERIAL CHANGE:

September 21st, 2005

3 – NEWS RELEASE:

A news release was disseminated through the through the facilities of CCN Matthews Newswire Service on September 21st, 2005.

4 – SUMMARY OF MATERIAL CHANGE:

Canadian Royalties reports the discovery of a new zone of nickel-copper-platinum palladium mineralization on its Raglan South Nickel project located in Nunavik, northern Québec. The discovery hole, IV-05-01, intersected 12 metres (from 31 to 43 metres) of net-textured and massive-sulphide mineralization with average grades of **2.34% nickel (Ni), 3.25% copper (Cu), 0.10% cobalt (Co), 0.5 g/t gold (Au), 1.6 g/t platinum (Pt) and 6.2 g/t palladium (Pd) (8.3 g/t combined Au + Pt + Pd).** With this new discovery, Canadian Royalties has now extended its discovery horizon to 50 kilometers along the host Raglan South ultramafic rocks.

5 – FULL DESCRIPTION OF MATERIAL CHANGE:

The Ivakkak* Zone is now the sixth and westernmost known significant sulphide zone on the Raglan South Nickel project, in addition to the Mesamax, TK, Expo, and Mequillon deposits, as well as the Tootoo Ni-Cu-PGE zone. The Ivakkak Zone is situated on land that, by year end will be held as to 100% by Canadian Royalties.

Massive and net textured sulphides have been intersected in the first eight drill holes completed at Ivakkak along a 50 metre strike distance and to a depth of 50 metres. A horizontal loop EM geophysical anomaly associated with the mineralization has been traced for 200 metres. Maps, sections, and additional information describing the new zone are available for viewing at www.canadianroyalties.com/ivakkak.

Highlights

•The new zone is located approximately 50 kilometres west of the Mesamax deposit, 40 km west of the Expo deposit, and 23 km west of the Mequillon deposit. Discoveries further west of the Canadian Royalties properties include the West Shoot Out discovery (Golden Valley Mines - 26 km west) and the Getty Zone (Goldbrook Ventures / Anglo American Exploration - 48 km west);

* The new discovery has been named the ***Ivakkak*** zone, the meaning of which can be found at www.canadianroyalties.com/ivakkak.

•Geophysics and prospecting indicate that the zone is at least 200 metres long. The zone remains open and drilling is continuing;

•Additional drill holes have intersected the mineralized zone, and additional assays will be released as they become available;

• The Ivakkak zone was identified as a surface showing by the Canadian Royalties exploration team while following up on recent airborne geophysics survey results;

• High to very high PGE values are reported in all eight holes; and

• Composite assay values from the first eight holes assayed from the Ivakkak zone follow:

IV DDH	From (m)	To (m)	Width (m)	Ni %	Cu %	Co %	Au g/t	Pt g/t	Pd g/t	PGM g/t
05-01	31.0	43.0	12.0	2.34	3.25	0.101	0.5	1.6	6.2	8.3
incl.	37.0	40.6	3.6	3.56	4.72	0.151	0.7	2.2	8.0	10.9
05-02	36.0	46.0	10.0	1.70	2.34	0.075	0.1	0.9	4.3	5.3
incl.	39.4	42.6	3.2	3.72	4.19	0.156	0.3	1.9	8.3	10.5
05-03	42.0	49.0	7.0	1.04	1.80	0.048	0.1	0.4	3.3	3.9
incl.	47.8	48.2	0.4	3.23	7.95	0.142	0.7	1.1	19.0	20.8
05-04	43.0	56.0	13.0	2.09	2.68	0.088	0.2	1.0	4.4	5.5
incl.	46.9	53.6	6.7	3.50	3.96	0.141	0.3	1.5	6.4	8.2
05-05	49.0	56.0	7.0	1.71	1.97	0.073	0.2	0.7	3.0	3.8
incl.	51.0	53.4	2.4	3.69	3.73	0.151	0.2	1.3	5.0	6.4
05-06	58.0	65.0	7.0	0.74	1.25	0.035	0.1	0.5	2.0	2.6
05-07	24.0	44.0	20.0	1.24	2.08	0.054	0.2	0.7	3.3	4.2
incl.	31.0	34.2	3.2	2.95	5.30	0.118	0.2	1.4	6.9	8.5
05-08	26.0	44.0	18.0	0.98	1.68	0.043	0.1	0.6	2.8	3.5
incl.	35.8	36.1	0.3	2.15	11.50	0.088	0.7	1.2	18.1	20.0

Notes:
• Lengths are drill intersected core lengths, composite lengths are length weighted;
•PGE = gold + platinum + palladium;
•g/t = grams per metric tonne;
•True widths have not yet been determined but are thought to be generally 70% or more of the core length given in the table

Canadian Royalties' Raglan South Nickel project

The current $9,000,000 exploration program has resulted in this new Ni-Cu sulphide discovery, while at the same time expanding the resource base of the existing Ni-Cu-PGE deposits and mineralized zones. In addition, the company has environmental studies, road construction and metallurgical bulk sampling underway at the Mesamax Deposit. A 25,000 metre drill program is currently underway with diamond drilling at five locations - i) the Ivakkak Zone, ii) the Expo Deposit ; iii) the Mequillon Deposit; iv) the Tootoo Zone (discovered in 2003); and v) Mesamax Deposit (the collection of a mini-bulk sample of 50 tonnes of HQ sized diamond drill core).

The discovery of the Ivakkak further enhances the potential for Canadian Royalties to establish an independent, stand-alone mining operation in the general vicinity of Falconbridge's Raglan Mine where significant infrastructure already exists. Scoping, pre-feasibility and environmental studies are currently underway in support of this goal. Total indicated resources on Canadian Royalties' Raglan South Nickel project currently stand at 10,568,000 tonnes with a weighted average grade of 1.0% Ni, 1.2% Cu, 0.04% Co, 0.2 g/t Au, 0.6 g/t Pt and 2.3 g/t Pd (3.1 g/t PGE).

Todd Keast, P.Geo, is Canadian Royalties South Nickel Project Exploration Geologist and has managed the onsite exploration and resource development activities on the Raglan South project since Canadian Royalties' first exploration program in 2001. Management wishes to recognize the contribution of the entire exploration team and exploration contractors over the past four seasons for the discoveries and accomplishments to date.

The discovery that is the subject of this news release is located on the South Trend property. On November 18th, 2002 Canadian Royalties was granted an option to acquire a 100% interest in Montoro Resources Inc. *South Trend* property, provided that Canadian Royalties paid a $30,000 cash fee and incurred exploration expenditures of $500,000 over 4 years. If the option is exercised, Canadian Royalties' interest would be 100%, subject to a 1% net smelter return "NSR" royalty in favour of Montoro (that is subject to a buyout option in favour of Canadian Royalties) and a 2% NSR in favour of 862539 Alberta Ltd., a related party. Canadian Royalties intends to execute the option to acquire the 100% interest in the property.

Bruce Durham, P.Geo. and President of Canadian Royalties Inc. is the designated "Qualified Person" responsible for the preparation of this news release. All assaying was completed by *ALS Chemex* with sample preparation completed in Val-d'Or, QC and analyses completed at ALS Chemex in Vancouver, BC. Base metal determined by sodium peroxide fusion with ICP-AES analysis. Platinum, palladium and gold values are determined by 30 gram fire assay with ICP-AES finish.

6 – Reliance on Subsection 7.1 (2) or (3) of NI 51-102:

Not Applicable

7 – Omitted Information:

None

8 – Executive Officer

For further information, kindly contact:

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9 – Date of the Report

September 26th, 2005